

Minutes of the 30th meeting of Kandla SEZ Authority to be held on 27th October, 2017 at 1500 hrs. at O/o the Development Commissioner, Kandla Special Economic Zone, Gandhidaham.

Following were present:-

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| 1. Shri Upendra Vasishth, ndc, IOFS | -Chairman |
| 2. Shri Krishan Kumar, Jt. Development Commissioner, KASEZ | -Member |
| 3. Shri Bipin Thakker, Director, Gokul Overseas | -Member |

Others:-

1. Shri Rajesh Kumar, Dy. Development Commissioner, KASEZ
2. Shri Laxmi Kant Meena, Sr. Accounts Officer, KASEZ
3. Shri Devaraj.C, Secretary, KASEZ Authority
4. Shri Umesh Naik, AGM, NBCC,
5. Ms. Winny Chand, Law Officer, KASEZA
6. Shri Jigar Atha, Asstt. Manager (E&M), KASEZA

30 Confirmation of the minutes of 29th meeting of Kandla SEZ Authority held on 05.09.2017:

Minutes of the 29th meeting held on 05/09/2017 were confirmed.

30.1 Review/action taken as per decisions of last meeting:

29.2.1 Request of M/s. Rama Cylinders Pvt. Ltd. for refund of amount:

As stated in the agenda, the Authority noted that as per the legal opinion received from the ASG, the amount deposited by M/s. Rama Cylinders Pvt. Ltd., Mumbai towards auction of the material of evicted unit M/s. Associated High Pressure Technologies Pvt. Ltd. lying at Plot Nos.543 to 560, New Area, has been refunded to M/s. Rama Cylinders Pvt. Ltd., Mumbai by obtaining the Bank Guarantee valid for 18 months and also an undertaking.

The Chairman informed the Members about the letter of MSTC for refund of the amount deposited by M/s. Rama Cylinders Pvt. Ltd., Mumbai to them. The Authority decided to ask MSTC to take their own decision as per the legal position and legal advice since the case is already sub-judice and the Authority only acted as per the advice of Ld' Asstt. Solicitor General of India.

29.2.2 Re-surfacing of internal roads in Sector-1, Kandla SEZ:

The position as reported was noted by the Authority. During the meeting the damages caused to the internal roads at junctions/cross roads was discussed. AGM, NBCC stated that the roads at the junctions/cross roads are damaged as traffic remains heavy at these junctions/cross roads. He suggested that we may consider replacing the junction roads/cross roads with RCC for a longer life. AGM, NBCC was asked to identify such cross roads and submit their proposal replacing the junction roads/cross roads with RCC.

29.2.3 Construction of two No. warehouse at Plot No.354 to 356 and 364 to 366 (ph-II) at KASEZ, Gandhidham.

The position as reported was noted by the Authority.



Minutes of the 30th meeting of Kandla SEZ Authority to be held on 27th October, 2017 at 1500 hrs. at O/o the Development Commissioner, Kandla Special Economic Zone, Gandhidaham.

30.2 New Proposals:

30.2.1 Report of the Committee to study rent issues:

The Authority noted that as per the decision taken in the 27th meeting of Kandla SEZ Authority held on 21/3/2017, a Committee was constituted to study the rent issues and to submit their report on the issues. The Committee submitted its report in September, 2017. The report submitted by the Committee was discussed. The Chairman expressed his thanks to the Committee for bringing out their recommendations considering the rents prevailing at other SEZs and the industrial area outside KASEZ. Following major recommendations of the Committee was also discussed:-

- (a) The prevalent rates of rent for different type of properties viz. sheds, plots and SDF complexes may be frozen for three years period, which means the net revision of rent shall take place w.e.f. 01/01/2021.
- (b) In those cases where revision of rent has taken place in 2012 or thereafter, for next three years rent may be revised @ 7%.
- (c) User charges may also be considered for review after three years.

While discussing the issue, Chairman informed that the decision of annual increase of rent has been taken to see that over a period of time there will be only one rent prevailing in the Zone as against the different rents as at present. Therefore, the Chairman felt that we may continue with the present system of revision.

Shri Bipin Thakker, Member of the Authority from the Industries side informed that the rent is very high compared to other Zones and also considering the market situations. He has, therefore, requested to implement the recommendations of the Committee with a modification that the rent may be frozen for next 5 years instead of 3 years as recommended by the Committee. After deliberations, it was felt by the Chairman that we should not freeze rent for 3 years and we may take a call at the relevant time and finally after deliberations, the Authority took following decisions:-

- (a) Not to increase the prevalent rates of rent for different type of properties viz. sheds, plots and SDF complexes in 01/01/2018 and a review may be taken before 01/01/2019 for increasing or not increasing the rent as per recommendation of the Committee or otherwise.
- (b) In those cases where revision of rent has taken place in 2012 or thereafter, rent may be revised @ 7.5% per year.
- (c) User charges were revised w.e.f. 1/4/2016 after a gap of 4 years. Now only two years have been lapsed from the last revision, it was decided to review the situation at the end of 2018 whether the user charges needs to be revised w.e.f. 01/04/2019.



Minutes of the 30th meeting of Kandla SEZ Authority to be held on 27th October, 2017 at 1500 hrs. at O/o the Development Commissioner, Kandla Special Economic Zone, Gandhidaham.

30.2.2 Transfer of Shed No.335 (A-II) Type from M/s.P.S. Eximps to M/s.Prasar Enterprises, KASEZ:

The request for transfer of Shed No.335 A-II Type from M/s. P.S. Eximps to M/s. Prasara Enterprises was discussed. It was noted that M/s.P.S. Eximps was issued with notice under PP (EUO) Act for the reason that their LoA lost its validity and also their lease expired. They were granted Personal Hearing by the JDC/Estate Officer and during the personal hearing, they made following submissions.

1. The units of M/s. P.S. Eximps and M/s. Prasara Enterprises are owned by the same owner since beginning of the Unit.
2. An intimation dated 18/1/2003 for utilization of shed No.335 which belongs to them by M/s. Prasara Enterprises due to major fire in the unit of M/s.Prasara Enterprise..
3. The Shed No.335 is being utilized by M/s. Prasara Enterprises where machineries required for export production are installed and manufacturing activities are taking place.
4. M/s. Prasara Enterprise required more space for export production and without this shed No.335 it will be difficult for them to make export. A request has been made for transfer of space in the name of M/s. Prasara Enterprises.
5. No warehousing activity as per the LOP of the unit has been taken up by M/s. P.S. Eximps and the shed is being utilized by M/s. Prasara Enterprises, which is a plastic recycling unit.
6. It was also agreed that after issue of LoA to M/s. P.S. Eximps on 7/5/1999, no request for extension of LoA has been made.

A major fire broke out in the premises of M/s. Prasara Enterprises (Shed No.339-340) in December, 2001. From the letter dated 23/9/2003 it is seen that the Shed No.335 A-II was being used by M/s.Prasara Enterprises. However, no permission letter is traceable in the file.

The eviction proceedings was adjudicated by the adjudicating authority by imposing a penalty of Rs.5,00,000/- for allowing un-authorized use of Shed No.335 by M/s. Prasara Enterprises. Further, it was also mentioned in the order that the request of transfer of Shed to M/s.Prasara Enterprises, which is actually using this shed for over a period time, the authority competent to approve transfer is Chairman, Kandla SEZ Authority and thus this decision will lie with the Chairman and the unit was directed to make an application for transfer of shed accordingly.

The Authority noted the following points:-

- (i) Shed No.335 was originally allotted to M/s.Prasara Enterprises and they had requested the Zone Administration to transfer the same in favour of M/s.P.S. Eximps.



Minutes of the 30th meeting of Kandla SEZ Authority to be held on 27th October, 2017 at 1500 hrs. at O/o the Development Commissioner, Kandla Special Economic Zone, Gandhidaham.

- (ii) M/s.Prasar Enterprises surrendered the Shed No.335 A-II in the year 1999 with a request to allot the same to M/s. P.S.Eximps, their sister concern approved as a Bonded Warehouse. Ownership of both Units is Mr.P.C. Parekh.
- (iii) Accordingly vide allotment order dated 20/9/1999 the shed was allotted in favour of M/s.P.S. Eximps.
- (iv) M/s.P.S.Eximps has not been operating in the Zone since more than a decade and SCN has been issued to the unit under Public Premises (Eviction of Unauthorized Occupants) Act, 1971. During the process it was noted that M/s.Prasar Enterprises is stated to be using the premises after a major fire broke out in their premises in the year 2001.
- (v) For allowing unauthorized use of premises, a penalty of Rs.5,00,000/- was imposed on P.S.Eximps and the same has been paid by them.
- (vi) They have not been evicted as they were given an opportunity to apply to the Chairman for transfer of their premises to M/s.Prasar Enterprises.

It was discussed that we should generally discourage this type of transactions. However, in the present case the shed is being used by M/s.Prasar Enterprises for many years and where they have installed machineries required for export production and owner being same. This is a fate-accompli situation. Therefore, the Authority decided to approve the regularization of the use of premises by M/s.Prasar Enterprises on the following conditions:-

- a) M/s. Prasr Entedrprires shall make payment of transfer fee and also lease rent at current rate will be charged.
- b) P.S.Eximps will have to submit all necessary documents/certificate required for exit of the unit.

30.2.3 Fixed Deposit:

The Authority noted that apart from FDs of Rs.8.00 Crores with PNB and Rs.5.00 crores with Central Bank of India, the available Bank balance (including autosweep) is approximately Rs.40 crores. Therefore, as proposed, it was decided to make another FD of Rs.25.00 crores (Rupees twenty five crores only) – Rs.15 crores with the Punjab National Bank and Rs.10 crores with Central Bank of India.

30.2.4 Auction of space through MSTC.

It was decided to continue the present arrangement of allotment of space through e-auction by MSTC as per the Service Provider Agreement.

30.2.5 Outsourcing of Accounting work:

It was informed that the accounting work of Kandla SEZ Authority is outsourced to M/s.Mukund & Rohit Chartered Accountants and for the purpose we are paying an amount Rs.69,000/-. The Authority noted that the firm has requested to increase their fees from the existing amount of Rs.69,000/- to Rs.90,000/- per month after a period of about 4 years. After

Minutes of the 30th meeting of Kandla SEZ Authority to be held on 27th October, 2017 at 1500 hrs. at O/o the Development Commissioner, Kandla Special Economic Zone, Gandhidaham.

detailed discussions it was decided to seek panel of Chartered Accountants from the Gandhidham Chamber of Commerce & Industry and in the meantime extend the services of M/s. Mukund & Rohit, Chartered Accountants with six persons for a period up to 31/01/2018 at same rate. In the meantime, process of engaging a Chartered Accountant afresh will be completed.

Following points were discussed as table agenda:-

30.2.6 Request of M/s.Shreeji Polymers for transfer of their plot with infrastructure to M/s.Dyna Glycols Pvt. Ltd., KASEZ.

The Authority noted that M/s.Shreeji Polymers vide their letter dated 24/8/2017 requested for NOC for transfer of Plot No.269/A, Sector-IV in favour of M/s.Dyna Glycols Pvt. Ltd..

Allotment details of both the units are given below:-

(a) Shreeji Polymers:-

Sr.No.	Particulars	Area in sq.mtrs.
1	Plot No.8A	2035
2	Plot No.269/A	8280

(b) M/s.Dyna Glycos:

Sr.No.	Particulars	Area in sq.mtrs.
1	Plot No.268-B	8280
2	Plot No.269/B	8280

M/s.Dyna Glycols is also granted permission for additional space vide our letter dated 15/09/2017.

It was noted by the Authority that Plot No.269/A was transferred to M/s.Shreeji Polymers from M/s.Global Warehousing and Trading in the year 2012 and that IA-I Section and Customs Section have stated that no cases were pending against both the units.

In the 19th meeting of Kandla SEZ Authority held on 9/4/2015 it was noted by the Authority that in KASEZ we have been allowing transfer of plots and Government sheds as these sheds are built with permissible off-sets and the units can make further investments on this to suit their needs. Therefore, it was decided to continue the practice of transfer of plots and sheds.

Chairman felt that we should not encourage such requests for transfer. JDC explained that such transfers are very rare and as per the earlier decisions of the Authority we consider such request at higher rent and transfer fee which is equal to one year rent. He also explained that the plot is adjoining to their existing location. Mr. Bipin Thakker stated that the Authority may consider such requests for transfer so that concerns having scope of growth of business may do so. Chairman mentioned that in NOIDA and SEEPS SEZs, such transfers are not allowed and then property is auctioned. JDC explained that practice in Kandla SEZ is

Minutes of the 30th meeting of Kandla SEZ Authority to be held on 27th October, 2017 at 1500 hrs. at O/o the Development Commissioner, Kandla Special Economic Zone, Gandhidaham.

different and not much response is received for properties being put to bid system through MSTC.

It was however, decided to defer the proposal and to ascertain the practice followed at Vizag SEZ and then take decision in next meeting.

30.2.7 Appointment of Income Tax Consultant:

The Authority was informed that Authority did not have PAN number till September, 2017 and with help of Mr. Maniar it has been obtained. However, Authority has to obtain exemption from Income Tax under Section 10(46) of the IT Act. For this Shri C.J. Maniar was asked to assist. The Authority ratified the action to appoint Mr. C.J. Maniar, Addl. CIT (Retd) as Consultant for various works related to Income Tax Deptt. for compliance by the Authority on a monthly payment of Rs.25,000/- for a period upto 31/3/2019 to be increased thereafter as mutually agreed.

30.2.8 Request of M/s.V.Milak Enterprises:

M/s.V. Milak Enterprises was allotted with Plot No.427 in the year 1999 for a lease period of 30 years. The lease was executed for 15 years. This was because the Ministry had sent a letter dated 19/11/1998 forwarding copy of lease deed format in respect of plot/sheds. In this format the period of lease was mentioned as 15 years and accordingly the lease deed was executed for 15 years instead of 30 years. In the 29th meeting of Kandla SEZ Authority it was felt that when the allotment letter contains a specific period of lease and the revision of rent, etc. is within the validity of that allotment, we cannot take a decision to revise the rent based on the fact that the allottee had not executed lease deed. Accordingly it was decided not to increase the lease rent as per earlier decisions and instead we should write the units to execute the lease deed. Quoting this decision of the Authority, the unit requested to reconsider their case on the basis of the allotment letter.

JDC stated that if the unit had not executed the lease deed, the above decision of the Authority is applicable in their case and the unit would have continued with rent as per Allotment letter which is for 30 years. In this case, the lease deed executed is for 15 years as per new lease deed format then made applicable though the allotment order is for 30 years. It was further stated that there are only limited cases which would fall into his category. It was felt that as per the Authority's decision, during the allotment period, rent is to be charged as per allotment letter and need not be enhanced because of revision of lease deed and the unit cannot be penalized for having executed lease deed. After detailed discussions, it was decided that the request of the unit is in line with the decision taken at the 29th meeting of KASEZ Authority and accordingly the lease in such cases may be deemed to be taken for 30 years as the letter of allotment was for 30 years. The Unit in any case has to enter into revised lease deed for remaining 15 years.

30.2.9 Appointment of Graduate Engineer (Civil) & Diploma Engineer (Civil):

The Chairman informed that while discussing the poor performance of NBCC in the special meeting of the Kandla SEZ Authority held on 08/08/2017, it was decided to create civil engineering cell with contract appointment of one Graduate Engineer (Civil) and one



Minutes of the 30th meeting of Kandla SEZ Authority to be held on 27th October, 2017 at 1500 hrs. at O/o the Development Commissioner, Kandla Special Economic Zone, Gandhidaham.

Diploma Engineer (Civil). The Chairman further stated that NBCC has submitted a letter dated 26/10/2017 in which it has been stated that, there has been re-shuffling in the NBCC, KASEZ and a senior officer has taken charge of the KASEZ Unit of NBCC. Further, NBCC assured that they shall deliver to the fullest satisfaction of the KASEZ Authority. Considering this, decision to appoint on contract one Graduate Engineer (Civil) and one Diploma Engineer (Civil) was reviewed. After discussions, it was decided not to go for contract appointment of Graduate Engineer (Civil) and Diploma Engineer (Civil). It was also decided to put this decision notice on KASEZ's website for aspirants of these posts which had been advertised in newspapers.



(Upendra Vasisht)
Chairman,
Kandla SEZ Authority.
